



February 17, 2015

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## HOUSE BILL No. 1270

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DIGEST OF HB 1270 (Updated February 17, 2015 1:37 pm - DI 107)

**Citations Affected:** IC 4-31; IC 4-35; IC 35-45.

**Synopsis:** Horse racing matters. Provides that the minimum salary per diem for a member of the Indiana horse racing commission equals the maximum per diem amount that an employee of the executive branch of the federal government receives. Specifies certain funds that a horsemen's association can use for lobbying purposes. Changes the appointment process for members of breed development advisory committees and the process to appoint new members. Changes the distribution of funds to promote horses and horse racing. Authorizes advance deposit wagers on horse racing.

**Effective:** July 1, 2015.

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**Cherry, Lehe, Friend, Austin,  
Goodin**

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January 13, 2015, read first time and referred to Committee on Public Policy.  
February 17, 2015, amended, reported — Do Pass.

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HB 1270—LS 6967/DI 107





February 17, 2015

First Regular Session of the 119th General Assembly (2015)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2014 Regular Session and 2014 Second Regular Technical Session of the General Assembly.

## HOUSE BILL No. 1270

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A BILL FOR AN ACT to amend the Indiana Code concerning gaming.

*Be it enacted by the General Assembly of the State of Indiana:*

1       SECTION 1. IC 4-31-3-5 IS AMENDED TO READ AS FOLLOWS  
2 [EFFECTIVE JULY 1, 2015]: Sec. 5. **(a)** Each member of the  
3 commission is entitled to the minimum salary per diem ~~provided by~~  
4 ~~IC 4-10-11-2.1(b).~~ **for each day the member is engaged in official**  
5 **business.**  
6       **(b) The minimum salary per diem that each member of the**  
7 **commission is entitled to receive equals the maximum daily amount**  
8 **allowed to employees of the executive branch of the federal**  
9 **government for subsistence expenses while away from home in**  
10 **travel status in Indianapolis.**  
11       **(c)** Each member is also entitled to reimbursement for traveling  
12 expenses and other expenses actually incurred in connection with the  
13 member's duties, as provided in the state travel policies and procedures  
14 established by the department of administration and approved by the  
15 budget agency.

**HB 1270—LS 6967/DI 107**



SECTION 2. IC 4-31-7-1, AS AMENDED BY P.L.233-2007, SECTION 8, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2015]: Sec. 1. (a) A person holding a permit to conduct a horse racing meeting or a license to operate a satellite facility may provide a place in the racing meeting grounds or enclosure or the satellite facility at which the person may conduct and supervise the pari-mutuel system of wagering by patrons of legal age on the horse races conducted or simulcast by the person. The person may not permit or use:

- (1) another place other than that provided and designated by the person; or
- (2) another method or system of betting or wagering.

However, a permit holder licensed to conduct gambling games under IC 4-35 may permit wagering on slot machines at a racetrack as permitted by IC 4-35.

(b) Except as provided in ~~section~~ **sections 7 and 10** of this chapter, ~~and IC 4-31-5.5, and IC 4-31-7.5,~~ the pari-mutuel system of wagering may not be conducted on any races except the races at the racetrack, grounds, or enclosure for which the person holds a permit.

SECTION 3. IC 4-31-7-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2015]: Sec. 3. (a) The following equipment must be provided and maintained in good working order at each permit holder's racetrack or satellite facility, as applicable:

- (1) A totalizator for win, place, and show wagering. The totalizator must:
  - (A) be of a design approved by the commission;
  - (B) be capable of registering by automatic mechanical, electric, or electronic means on central aggregators all wagers made on each horse, entry, or the field in each of the win, place, and show pools;
  - (C) display the totals wagered in a manner that permits ready tabulation and recording of those totals by the commission's representative before they are cleared from the central aggregators; and
  - (D) display to the public on a board running totals of amounts wagered in each of the win, place, and show pools on each entry in each race.
- (2) A telephone system connecting the judges' stand with the office of the pari-mutuel plant and any other stations considered necessary by the commission.
- (3) A system of bells that shall be rung from the judges' stand to signal the close of wagering.



(4) A button in the judges' stand that, when pressed, will lock ticket-issuing machines and close wagering for each race.

(b) In addition to the requirements of subsection (a), a permit holder may conduct exotic wagering only by the use of automatic mechanical, electric, or electronic devices that:

- (1) print and issue tickets evidencing individual wagers;
- (2) locally print a permanent record of the tickets issued by each machine or register on central aggregators by automatic mechanical, electric, or electronic means the total dollar value of those tickets; and
- (3) permit ready tabulation and recording of those figures by the commission's representative before they are cleared from the central aggregators.

(c) The commission may waive the requirements of subsection (b) if the commission determines by rule that other systems or technologies are available and sufficient to safeguard the public.

(d) This section does not apply to a licensed SPMO (as defined in IC 4-31-7.5-6).

SECTION 4. IC 4-31-7.5 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2015]:

#### **Chapter 7.5. Advance Deposit Wagering**

**Sec. 1.** In enacting this chapter, it is the intent of the general assembly to recognize changes in technology for pari-mutuel wagering and to retain for the Indiana horse racing industry a part of revenues generated by Indiana residents on wagers placed with secondary pari-mutuel organizations.

**Sec. 2.** As used in this chapter, "account holder" means an Indiana resident who has established an advance deposit wagering account.

**Sec. 3.** As used in this chapter, "advance deposit wagering" means a system of pari-mutuel wagering in which wagers of an account holder are debited and payouts are credited to an account established by the account holder, regardless of whether the wagers are made in person, by telephone, or through communication by other electronic means.

**Sec. 4.** As used in this chapter, "advance deposit wagering account" means an account for advance deposit wagering held by a licensed SPMO.

**Sec. 5.** As used in this chapter, "communication by other electronic means" means communication by any electronic communication device, including any of the following:



(1) A personal computer or other device enabling communication through the Internet.

(2) A private network.

(3) An interactive television.

(4) A wireless communication technology.

(5) An interactive computer service (as defined in IC 35-45-5-1).

(6) Any other technology approved by the commission.

Sec. 6. As used in this chapter, "licensed SPMO" means a secondary pari-mutuel organization licensed under this chapter.

Sec. 7. As used in this chapter, "secondary pari-mutuel organization" means an entity that offers advance deposit wagering.

Sec. 8. As used in this chapter, "source market fee" refers to the amount of an advance deposit wager made on any race:

(1) through a licensed SPMO; and

(2) by an individual whose principal residence is within Indiana at the time the wager is made;

that a permit holder is entitled to receive from the licensed SPMO under the terms of the contract required by section 10 of this chapter between the licensed SPMO and each permit holder.

Sec. 9. Advance deposit wagering is permitted in Indiana, subject to this chapter and to rules adopted by the commission.

Sec. 10. (a) A licensed SPMO may accept advance deposit wagers for races conducted within or outside Indiana. Advance deposit wagers made under this chapter are considered to have been made in Indiana.

(b) A licensed SPMO must have a single written contract signed by each permit holder. The contract must be approved by the commission. The contract must:

(1) specify the manner in which the amount of the source market fee is determined for each permit holder;

(2) govern all other aspects of the business relationship between the licensed SPMO and each permit holder; and

(3) contain a provision reserving all rights of horsemen's associations under the federal Interstate Horse Racing Act (15 U.S.C. 3001 et seq.).

Sec. 11. The commission shall adopt rules under IC 4-22-2, including emergency rules adopted in the manner provided in IC 4-22-2-37.1, to implement this chapter. Rules adopted under this section may include rules that prescribe:

(1) procedures for verifying the age of an individual opening



an advance deposit wagering account or placing a wager with a licensed SPMO;

(2) requirements for opening and administering advance deposit wagering accounts;

(3) a guarantee or acceptable surety that the full value of balances in an advance deposit wagering account will be paid;

(4) record keeping requirements;

(5) licensure procedures, including investigation of applicants, forms for licensure, and procedures for renewal; and

(6) civil penalties for violations of this chapter or the rules adopted by the commission.

Sec. 12. A licensed SPMO shall comply with all applicable federal laws.

Sec. 13. A secondary pari-mutuel organization applying for a license under this chapter must provide the following to the commission:

(1) Written evidence of the approval to conduct advance deposit wagering that the organization has received from the appropriate regulatory authority in each state where the secondary pari-mutuel organization is licensed.

(2) A copy of a proposed contract executed by the applicant and each permit holder to satisfy the requirements of section 10 of this chapter.

(3) A nonrefundable application fee of five thousand dollars (\$5,000).

(4) A complete application on a form prescribed by the commission.

(5) Any other information required by the commission.

Sec. 14. The commission may require an applicant to pay any costs incurred by the commission for background checks, investigation, and review of the license application that exceed five thousand dollars (\$5,000).

Sec. 15. (a) The commission may issue to a secondary pari-mutuel organization a license to offer advance deposit wagering to Indiana residents if the commission:

(1) finds that the applicant satisfies the requirements of this chapter and the rules adopted by the commission under section 11 of this chapter; and

(2) approves the contract submitted under section 13 of this chapter.

(b) The term of a license issued under this chapter is one (1) year.



(c) The annual license renewal fee is one thousand dollars (\$1,000).

Sec. 16. A secondary pari-mutuel organization that is not licensed under this chapter may not accept a wager from an individual whose physical location is within Indiana at the time the wager is made.

Sec. 17. An individual less than twenty-one (21) years of age may not open, own, or have access to an advance deposit wagering account.

Sec. 18. (a) As used in this section, "net source market fee" means the difference between:

(1) the amount of the source market fee received by a permit holder from a licensed SPMO; minus

(2) the amount of expenses incurred by the permit holder under this chapter.

(b) A permit holder shall distribute fifty percent (50%) of the net source market fee it receives from a licensed SPMO to the horsemen's associations approved by the commission as follows:

(1) Eight percent (8%) to the horsemen's association representing quarter horses.

(2) Forty-six percent (46%) to the horsemen's association representing standardbred horses.

(3) Forty-six percent (46%) to the horsemen's associations representing the thoroughbred breed to be allocated as follows:

(A) Eighty percent (80%) to the horsemen's association representing thoroughbred owners and trainers.

(B) Twenty percent (20%) to the horsemen's association representing thoroughbred owners and breeders.

Sec. 19. (a) A permit holder has a right of action against a secondary pari-mutuel organization that accepts a wager in violation of section 16 of this chapter.

(b) If the permit holder prevails in an action filed under this section, the permit holder is entitled to the following:

(1) An injunction to enjoin future violations of this chapter.

(2) Compensatory damages equal to any actual damage proven by the permit holder. If the permit holder does not prove actual damage, the permit holder is entitled to presumptive damages of five hundred dollars (\$500) for each wager placed in violation of this chapter.

(3) The permit holder's reasonable attorney's fees and other litigation costs reasonably incurred in connection with the





1 action.

2 (c) A secondary pari-mutuel organization that accepts a wager  
3 in violation of section 16 of this chapter submits to the jurisdiction  
4 of Indiana courts for purposes of this chapter.

5 SECTION 5. IC 4-31-11-4 IS AMENDED TO READ AS  
6 FOLLOWS [EFFECTIVE JULY 1, 2015]: Sec. 4. (a) Each  
7 development committee consists of three (3) members appointed by the  
8 governor. as follows:

9 (1) One (1) member appointed by the governor, who shall  
10 chair the committee.

11 (2) One (1) member appointed by the permit holder of the  
12 track where the breed of horse races.

13 (3) One (1) member appointed by the horsemen's association  
14 that is approved for funding by the Indiana horse racing  
15 commission and representing owners.

16 (b) The members of each development committee must be residents  
17 of Indiana who are knowledgeable in horse breeding and racing and  
18 must include one (1) member who is an owner and one (1) member  
19 who is a breeder. No more than two (2) members of each development  
20 committee may be members of the same political party.

21 (c) If more than one (1) horsemen's association for a breed  
22 represents owners, the associations must agree on the associations'  
23 appointment described in subsection (a)(3) to the development  
24 committee.

25 SECTION 6. IC 4-31-11-5 IS AMENDED TO READ AS  
26 FOLLOWS [EFFECTIVE JULY 1, 2015]: Sec. 5. Except as provided  
27 in section 5.5 of this chapter, a member of a development committee  
28 serves a term of four (4) years. If a vacancy occurs on a development  
29 committee the governor shall appoint due to the death, resignation,  
30 or removal of a member, a new member shall be appointed to serve  
31 for the remainder of the unexpired term in the same manner as the  
32 original member was appointed under section 4 of this chapter.

33 SECTION 7. IC 4-31-11-5.5 IS ADDED TO THE INDIANA CODE  
34 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY  
35 1, 2015]: Sec. 5.5. (a) This section applies to a member of a breed  
36 development committee appointed before July 1, 2015.

37 (b) When a vacancy occurs on a breed development committee  
38 under this chapter for any reason, a new member shall be  
39 appointed in the following manner:

40 (1) The first appointment shall be made by the permit holder  
41 of the track where the breed of horse races.

42 (2) The second appointment shall be made by the horsemen's



1           **association described in section 4(3) of this chapter.**

2           **(3) The third appointment shall be made by the governor.**

3           **(c) This section expires June 30, 2019.**

4           SECTION 8. IC 4-35-7-12, AS AMENDED BY P.L.210-2013,  
5           SECTION 13, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
6           JULY 1, 2015]: Sec. 12. (a) The Indiana horse racing commission shall  
7           enforce the requirements of this section.

8           (b) A licensee shall before the fifteenth day of each month distribute  
9           the following amounts for the support of the Indiana horse racing  
10          industry:

11          (1) An amount equal to fifteen percent (15%) of the adjusted  
12          gross receipts of the slot machine wagering from the previous  
13          month at each casino operated by the licensee with respect to  
14          adjusted gross receipts received after June 30, 2013, and before  
15          January 1, 2014.

16          (2) The percentage of the adjusted gross receipts of the slot  
17          machine wagering from the previous month at each casino  
18          operated by the licensee that is determined under section 16 or 17  
19          of this chapter with respect to adjusted gross receipts received  
20          after December 31, 2013.

21          (c) The Indiana horse racing commission may not use any of the  
22          money distributed under this section for any administrative purpose or  
23          other purpose of the Indiana horse racing commission.

24          (d) A licensee shall distribute the money devoted to horse racing  
25          purses and to horsemen's associations under this subsection as follows:

26          (1) Five-tenths percent (0.5%) shall be transferred to horsemen's  
27          associations for equine promotion or welfare according to the  
28          ratios specified in subsection (g).

29          (2) Two and five-tenths percent (2.5%) shall be transferred to  
30          horsemen's associations for backside benevolence according to  
31          the ratios specified in subsection (g).

32          (3) Ninety-seven percent (97%) shall be distributed to promote  
33          horses and horse racing as provided in subsection (f).

34          (e) A horsemen's association shall expend the amounts distributed  
35          to the horsemen's association under subsection (d)(1) through (d)(2) for  
36          a purpose promoting the equine industry or equine welfare or for a  
37          benevolent purpose that the horsemen's association determines is in the  
38          best interests of horse racing in Indiana for the breed represented by the  
39          horsemen's association. Expenditures under this subsection are subject  
40          to the regulatory requirements of subsection (h).

41          (f) A licensee shall distribute the amounts described in subsection  
42          (d)(3) as follows:



- 1 (1) Forty-six percent (46%) for thoroughbred purposes as follows:
- 2 (A) ~~Sixty~~ **Fifty** percent (~~60%~~) (**50%**) for the following
- 3 purposes:
- 4 (i) Ninety-seven percent (97%) for thoroughbred purses.
- 5 (ii) Two and four-tenths percent (2.4%) to the horsemen's
- 6 association representing thoroughbred owners and trainers.
- 7 (iii) Six-tenths percent (0.6%) to the horsemen's association
- 8 representing thoroughbred owners and breeders.
- 9 (B) ~~Forty~~ **Fifty** percent (~~40%~~) (**50%**) to the breed
- 10 development fund established for thoroughbreds under
- 11 IC 4-31-11-10.
- 12 (2) Forty-six percent (46%) for standardbred purposes as follows:
- 13 (A) Three hundred seventy-five thousand dollars (\$375,000)
- 14 to the state fair commission to be used by the state fair
- 15 commission to support standardbred racing and facilities at the
- 16 state fairgrounds.
- 17 (B) One hundred twenty-five thousand dollars (\$125,000) to
- 18 the state fair commission to be used by the state fair
- 19 commission to make grants to county fairs to support
- 20 standardbred racing and facilities at county fair tracks. The
- 21 state fair commission shall establish a review committee to
- 22 include the standardbred association board, the Indiana horse
- 23 racing commission, and the Indiana county fair association to
- 24 make recommendations to the state fair commission on grants
- 25 under this clause.
- 26 (C) Fifty percent (50%) of the amount remaining after the
- 27 distributions under clauses (A) and (B) for the following
- 28 purposes:
- 29 (i) Ninety-six and five-tenths percent (96.5%) for
- 30 standardbred purses.
- 31 (ii) Three and five-tenths percent (3.5%) to the horsemen's
- 32 association representing standardbred owners and trainers.
- 33 (D) Fifty percent (50%) of the amount remaining after the
- 34 distributions under clauses (A) and (B) to the breed
- 35 development fund established for standardbreds under
- 36 IC 4-31-11-10.
- 37 (3) Eight percent (8%) for quarter horse purposes as follows:
- 38 (A) Seventy percent (70%) for the following purposes:
- 39 (i) Ninety-five percent (95%) for quarter horse purses.
- 40 (ii) Five percent (5%) to the horsemen's association
- 41 representing quarter horse owners and trainers.
- 42 (B) Thirty percent (30%) to the breed development fund



1 established for quarter horses under IC 4-31-11-10.  
 2 Expenditures under this subsection are subject to the regulatory  
 3 requirements of subsection (h).

4 (g) Money distributed under subsection (d)(1) and (d)(2) shall be  
 5 allocated as follows:

6 (1) Forty-six percent (46%) to the horsemen's association  
 7 representing thoroughbred owners and trainers.

8 (2) Forty-six percent (46%) to the horsemen's association  
 9 representing standardbred owners and trainers.

10 (3) Eight percent (8%) to the horsemen's association representing  
 11 quarter horse owners and trainers.

12 (h) Money distributed under this section may not be expended  
 13 unless the expenditure is for a purpose authorized in this section and is  
 14 either for a purpose promoting the equine industry or equine welfare or  
 15 is for a benevolent purpose that is in the best interests of horse racing  
 16 in Indiana or the necessary expenditures for the operations of the  
 17 horsemen's association required to implement and fulfill the purposes  
 18 of this section. The Indiana horse racing commission may review any  
 19 expenditure of money distributed under this section to ensure that the  
 20 requirements of this section are satisfied. The Indiana horse racing  
 21 commission shall adopt rules concerning the review and oversight of  
 22 money distributed under this section and shall adopt rules concerning  
 23 the enforcement of this section. The following apply to a horsemen's  
 24 association receiving a distribution of money under this section:

25 (1) The horsemen's association must annually file a report with  
 26 the Indiana horse racing commission concerning the use of the  
 27 money by the horsemen's association. The report must include  
 28 information as required by the commission.

29 (2) The horsemen's association must register with the Indiana  
 30 horse racing commission.

31 The state board of accounts shall annually audit the accounts, books,  
 32 and records of the Indiana horse racing commission, each horsemen's  
 33 association, a licensee, and any association for backside benevolence  
 34 containing any information relating to the distribution of money under  
 35 this section.

36 (i) The commission shall provide the Indiana horse racing  
 37 commission with the information necessary to enforce this section.

38 (j) The Indiana horse racing commission shall investigate any  
 39 complaint that a licensee has failed to comply with the horse racing  
 40 purse requirements set forth in this section. If, after notice and a  
 41 hearing, the Indiana horse racing commission finds that a licensee has  
 42 failed to comply with the purse requirements set forth in this section,



the Indiana horse racing commission may:

- (1) issue a warning to the licensee;
- (2) impose a civil penalty that may not exceed one million dollars (\$1,000,000); or
- (3) suspend a meeting permit issued under IC 4-31-5 to conduct a pari-mutuel wagering horse racing meeting in Indiana.

(k) A civil penalty collected under this section must be deposited in the state general fund.

SECTION 9. IC 4-35-7-13, AS AMENDED BY P.L.95-2008, SECTION 12, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2015]: Sec. 13. (a) The definitions in IC 3-5-2 apply to this section to the extent they do not conflict with the definitions in this article.

(b) As used in this section, "candidate" refers to any of the following:

- (1) A candidate for a state office.
- (2) A candidate for a legislative office.
- (3) A candidate for a local office.

(c) As used in this section, "committee" refers to any of the following:

- (1) A candidate's committee.
- (2) A regular party committee.
- (3) A committee organized by a legislative caucus of the house of the general assembly.
- (4) A committee organized by a legislative caucus of the senate of the general assembly.

(d) Money distributed to a horsemen's association under section 12 of this chapter may not be used for any of the following purposes:

- (1) To make a contribution to a candidate or a committee.
- (2) **Except as provided in subsections (e) through (h),** for lobbying (as defined in IC 2-7-1-9).

**(e) The horsemen's association representing thoroughbred owners and trainers may use funds distributed under section 12(f)(1)(A)(ii) of this chapter for lobbying.**

**(f) The horsemen's association representing thoroughbred owners and breeders may use funds distributed under section 12(f)(1)(A)(iii) of this chapter for lobbying.**

**(g) The horsemen's association representing standardbred owners and trainers may use funds distributed under section 12(f)(2)(C)(ii) of this chapter for lobbying.**

**(h) The horsemen's association representing quarter horse owners and trainers may use funds distributed under section**



1     **12(f)(3)(A)(ii) of this chapter for lobbying."**  
2     SECTION 10. IC 35-45-5-5 IS AMENDED TO READ AS  
3     FOLLOWS [EFFECTIVE JULY 1, 2015]: Sec. 5. The provisions of  
4     this chapter do not apply to:  
5         **(1)** pari-mutuel wagering conducted at racetrack locations or  
6         satellite facilities licensed for pari-mutuel wagering under  
7         IC 4-31; **or**  
8         **(2) wagering on horse races conducted through advance**  
9         **deposit wagering accounts authorized by IC 4-31-7.5.**



## COMMITTEE REPORT

Mr. Speaker: Your Committee on Public Policy, to which was referred House Bill 1270, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Page 1, after line 15, begin a new paragraph and insert:

"SECTION 2. IC 4-31-7-1, AS AMENDED BY P.L.233-2007, SECTION 8, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2015]: Sec. 1. (a) A person holding a permit to conduct a horse racing meeting or a license to operate a satellite facility may provide a place in the racing meeting grounds or enclosure or the satellite facility at which the person may conduct and supervise the pari-mutuel system of wagering by patrons of legal age on the horse races conducted or simulcast by the person. The person may not permit or use:

- (1) another place other than that provided and designated by the person; or
- (2) another method or system of betting or wagering.

However, a permit holder licensed to conduct gambling games under IC 4-35 may permit wagering on slot machines at a racetrack as permitted by IC 4-35.

(b) Except as provided in ~~section~~ **sections 7 and 10** of this chapter, ~~and IC 4-31-5.5, and IC 4-31-7.5~~, the pari-mutuel system of wagering may not be conducted on any races except the races at the racetrack, grounds, or enclosure for which the person holds a permit.

SECTION 3. IC 4-31-7-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2015]: Sec. 3. (a) The following equipment must be provided and maintained in good working order at each permit holder's racetrack or satellite facility, as applicable:

- (1) A totalizer for win, place, and show wagering. The totalizer must:
  - (A) be of a design approved by the commission;
  - (B) be capable of registering by automatic mechanical, electric, or electronic means on central aggregators all wagers made on each horse, entry, or the field in each of the win, place, and show pools;
  - (C) display the totals wagered in a manner that permits ready tabulation and recording of those totals by the commission's representative before they are cleared from the central aggregators; and
  - (D) display to the public on a board running totals of amounts



wagered in each of the win, place, and show pools on each entry in each race.

(2) A telephone system connecting the judges' stand with the office of the pari-mutuel plant and any other stations considered necessary by the commission.

(3) A system of bells that shall be rung from the judges' stand to signal the close of wagering.

(4) A button in the judges' stand that, when pressed, will lock ticket-issuing machines and close wagering for each race.

(b) In addition to the requirements of subsection (a), a permit holder may conduct exotic wagering only by the use of automatic mechanical, electric, or electronic devices that:

(1) print and issue tickets evidencing individual wagers;

(2) locally print a permanent record of the tickets issued by each machine or register on central aggregators by automatic mechanical, electric, or electronic means the total dollar value of those tickets; and

(3) permit ready tabulation and recording of those figures by the commission's representative before they are cleared from the central aggregators.

**(c) The commission may waive the requirements of subsection (b) if the commission determines by rule that other systems or technologies are available and sufficient to safeguard the public.**

**(d) This section does not apply to a licensed SPMO (as defined in IC 4-31-7.5-6).**

SECTION 4. IC 4-31-7.5 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2015]:

#### **Chapter 7.5. Advance Deposit Wagering**

**Sec. 1. In enacting this chapter, it is the intent of the general assembly to recognize changes in technology for pari-mutuel wagering and to retain for the Indiana horse racing industry a part of revenues generated by Indiana residents on wagers placed with secondary pari-mutuel organizations.**

**Sec. 2. As used in this chapter, "account holder" means an Indiana resident who has established an advance deposit wagering account.**

**Sec. 3. As used in this chapter, "advance deposit wagering" means a system of pari-mutuel wagering in which wagers of an account holder are debited and payouts are credited to an account established by the account holder, regardless of whether the wagers are made in person, by telephone, or through**





communication by other electronic means.

**Sec. 4.** As used in this chapter, "advance deposit wagering account" means an account for advance deposit wagering held by a licensed SPMO.

**Sec. 5.** As used in this chapter, "communication by other electronic means" means communication by any electronic communication device, including any of the following:

- (1) A personal computer or other device enabling communication through the Internet.
- (2) A private network.
- (3) An interactive television.
- (4) A wireless communication technology.
- (5) An interactive computer service (as defined in IC 35-45-5-1).
- (6) Any other technology approved by the commission.

**Sec. 6.** As used in this chapter, "licensed SPMO" means a secondary pari-mutuel organization licensed under this chapter.

**Sec. 7.** As used in this chapter, "secondary pari-mutuel organization" means an entity that offers advance deposit wagering.

**Sec. 8.** As used in this chapter, "source market fee" refers to the amount of an advance deposit wager made on any race:

- (1) through a licensed SPMO; and
- (2) by an individual whose principal residence is within Indiana at the time the wager is made;

that a permit holder is entitled to receive from the licensed SPMO under the terms of the contract required by section 10 of this chapter between the licensed SPMO and each permit holder.

**Sec. 9.** Advance deposit wagering is permitted in Indiana, subject to this chapter and to rules adopted by the commission.

**Sec. 10. (a)** A licensed SPMO may accept advance deposit wagers for races conducted within or outside Indiana. Advance deposit wagers made under this chapter are considered to have been made in Indiana.

**(b)** A licensed SPMO must have a single written contract signed by each permit holder. The contract must be approved by the commission. The contract must:

- (1) specify the manner in which the amount of the source market fee is determined for each permit holder;
- (2) govern all other aspects of the business relationship between the licensed SPMO and each permit holder; and
- (3) contain a provision reserving all rights of horsemen's



associations under the federal Interstate Horse Racing Act (15 U.S.C. 3001 et seq.).

**Sec. 11.** The commission shall adopt rules under IC 4-22-2, including emergency rules adopted in the manner provided in IC 4-22-2-37.1, to implement this chapter. Rules adopted under this section may include rules that prescribe:

- (1) procedures for verifying the age of an individual opening an advance deposit wagering account or placing a wager with a licensed SPMO;
- (2) requirements for opening and administering advance deposit wagering accounts;
- (3) a guarantee or acceptable surety that the full value of balances in an advance deposit wagering account will be paid;
- (4) record keeping requirements;
- (5) licensure procedures, including investigation of applicants, forms for licensure, and procedures for renewal; and
- (6) civil penalties for violations of this chapter or the rules adopted by the commission.

**Sec. 12.** A licensed SPMO shall comply with all applicable federal laws.

**Sec. 13.** A secondary pari-mutuel organization applying for a license under this chapter must provide the following to the commission:

- (1) Written evidence of the approval to conduct advance deposit wagering that the organization has received from the appropriate regulatory authority in each state where the secondary pari-mutuel organization is licensed.
- (2) A copy of a proposed contract executed by the applicant and each permit holder to satisfy the requirements of section 10 of this chapter.
- (3) A nonrefundable application fee of five thousand dollars (\$5,000).
- (4) A complete application on a form prescribed by the commission.
- (5) Any other information required by the commission.

**Sec. 14.** The commission may require an applicant to pay any costs incurred by the commission for background checks, investigation, and review of the license application that exceed five thousand dollars (\$5,000).

**Sec. 15.** (a) The commission may issue to a secondary pari-mutuel organization a license to offer advance deposit wagering to Indiana residents if the commission:



(1) finds that the applicant satisfies the requirements of this chapter and the rules adopted by the commission under section 11 of this chapter; and

(2) approves the contract submitted under section 13 of this chapter.

(b) The term of a license issued under this chapter is one (1) year.

(c) The annual license renewal fee is one thousand dollars (\$1,000).

**Sec. 16.** A secondary pari-mutuel organization that is not licensed under this chapter may not accept a wager from an individual whose physical location is within Indiana at the time the wager is made.

**Sec. 17.** An individual less than twenty-one (21) years of age may not open, own, or have access to an advance deposit wagering account.

**Sec. 18.** (a) As used in this section, "net source market fee" means the difference between:

(1) the amount of the source market fee received by a permit holder from a licensed SPMO; minus

(2) the amount of expenses incurred by the permit holder under this chapter.

(b) A permit holder shall distribute fifty percent (50%) of the net source market fee it receives from a licensed SPMO to the horsemen's associations approved by the commission as follows:

(1) Eight percent (8%) to the horsemen's association representing quarter horses.

(2) Forty-six percent (46%) to the horsemen's association representing standardbred horses.

(3) Forty-six percent (46%) to the horsemen's associations representing the thoroughbred breed to be allocated as follows:

(A) Eighty percent (80%) to the horsemen's association representing thoroughbred owners and trainers.

(B) Twenty percent (20%) to the horsemen's association representing thoroughbred owners and breeders.

**Sec. 19.** (a) A permit holder has a right of action against a secondary pari-mutuel organization that accepts a wager in violation of section 16 of this chapter.

(b) If the permit holder prevails in an action filed under this section, the permit holder is entitled to the following:

(1) An injunction to enjoin future violations of this chapter.



**(2) Compensatory damages equal to any actual damage proven by the permit holder. If the permit holder does not prove actual damage, the permit holder is entitled to presumptive damages of five hundred dollars (\$500) for each wager placed in violation of this chapter.**

**(3) The permit holder's reasonable attorney's fees and other litigation costs reasonably incurred in connection with the action.**

**(c) A secondary pari-mutuel organization that accepts a wager in violation of section 16 of this chapter submits to the jurisdiction of Indiana courts for purposes of this chapter."**

Page 2, line 2, after "4." insert **"(a)"**.

Page 2, line 3, reset in roman "three (3)".

Page 2, line 3, delete "four (4)".

Page 2, line 5, delete "." and insert **", who shall chair the committee."**

Page 2, line 6, delete "of each".

Page 2, line 7, delete "two (2) tracks" and insert **"track"**.

Page 2, line 7, after "breed" insert **"of horse"**.

Page 2, line 8, after "association" insert **"that is approved for funding by the Indiana horse racing commission and representing owners."**

Page 2, delete line 9.

Page 2, line 10, before "The" begin a new paragraph and insert: **"(b)"**.

Page 2, line 10, reset in roman "The members of each development committee must be residents of".

Page 2, reset in roman lines 11 through 14.

Page 2, between lines 14 and 15, begin a new paragraph and insert:

**"(c) If more than one (1) horsemen's association for a breed represents owners, the associations must agree on the associations' appointment described in subsection (a)(3) to the development committee."**

Page 2, line 31, after "where the breed" insert **"of horse"**.

Page 2, line 31, delete "If the breed races at more".

Page 2, delete lines 32 through 33.

Page 6, line 20, reset in roman "for any of the following purposes:".

Page 6, line 21, reset in roman "(1)".

Page 6, line 21, delete "to" and insert **"To"**.

Page 6, reset in roman line 22.

Page 6, line 22, delete "For" and insert **"Except as provided in subsections (e) through (h), for"**.



Page 6, after line 22, begin a new paragraph and insert:

**"(e) The horsemen's association representing thoroughbred owners and trainers may use funds distributed under section 12(f)(1)(A)(ii) of this chapter for lobbying.**

**(f) The horsemen's association representing thoroughbred owners and breeders may use funds distributed under section 12(f)(1)(A)(iii) of this chapter for lobbying.**

**(g) The horsemen's association representing standardbred owners and trainers may use funds distributed under section 12(f)(2)(C)(ii) of this chapter for lobbying.**

**(h) The horsemen's association representing quarter horse owners and trainers may use funds distributed under section 12(f)(3)(A)(ii) of this chapter for lobbying."**

SECTION 10. IC 35-45-5-5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2015]: Sec. 5. The provisions of this chapter do not apply to:

**(1) pari-mutuel wagering conducted at racetrack locations or satellite facilities licensed for pari-mutuel wagering under IC 4-31; or**

**(2) wagering on horse races conducted through advance deposit wagering accounts authorized by IC 4-31-7.5."**

Renumber all SECTIONS consecutively.

and when so amended that said bill do pass.

(Reference is to HB 1270 as introduced.)

DERMODY

Committee Vote: yeas 9, nays 0.

